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DEPARTMENT OF STATE

EXDIS

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Memorandum of Conversation

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DATE: December 11, 1956

SUBJECT: Survey of Gold Coast Volta River Project

[redacted] STATE A/CDC/MR
REVIEWED BY RS DATE 4 MAY 19[redacted]

PARTICIPANTS: [redacted]
Mr. W. E. Taylor, Counselor, British Embassy.
Mr. Joseph Palmer 2nd, Deputy Assistant Secretary for African Affairs.
Mr. Fred Hadsel, Director Office of African Affairs.
Mr. Donald Dumont, Officer-in-Charge West Africa Affairs.

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Consulate General, Accra
American Embassy, London
Mr. Rountree (1)-cc
~~AFS (2)~~
Mr. Palmer (2-cc)

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[redacted] was spending about a week in the United States for the purpose of consulting with United States Federal and State authorities on present and future costs of hydro-electric power as well as present and future trends affecting the price of aluminum. [redacted] confidence in the Volta River plan as offering something almost unique in the way of an Euro-African investment in Africa that would serve both the emerging state of the Gold Coast as well as the interests of the West. The enterprise, [redacted] very costly one (about $700,000,000 for the cost of the dam and the generating units necessary to produce 100,000 tons of aluminum ingots per annum; eventually this would reach $900,000,000 when the maximum production target of 200,000 tons had been achieved.) One would have felt more hopeful for early realization of the project [redacted] if only one could talk in terms of half this staggering cost. Another feature which lent a discouraging aspect to realization of the plan was the time element: It would take 7 years alone to dig and build the dam (earthern), behind which would be created a 3500 square mile lake--the largest such body of damned water in the world [redacted] During these 7 years the Government would of course be running the risk of having to anticipate mounting labor costs.

Despite what appeared to be the staggering financial problems involved [redacted] of the opinion that the political aspect of the Volta River Project was the most important one. He said that the British had from the very start insisted that all important political groups and influences in the Gold Coast be made to feel that the Volta River Project was something in which the entire population had a vested interest; only thus could the project be assured of continued support by all responsible African elements in the country. In short, the British planning was based on the premise that if the project ever came to the light of day it would not be looked upon by some opposition group coming into power as a pet scheme of Dr. Nkrumah and the CPP (The Convention People's Party) but rather would be viewed by both the Ashanti country

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(whence comes the bauxite for the smelters), and the Moslem NT's (Northern Territories) as part of a joint heritage. [redacted] the Asantehene himself had been brought into the early discussions on the project and was very much interested in its success.

Another important aspect of the initial stages of planning, [redacted] the effort to satisfy Gold Coast leadership that the Project was not a clever British device to keep the Gold Coast in economic subjugation just at the moment when Britain was handing over political independence to the country. This was achieved by bringing to the Gold Coast a number of non-British foreign experts to study plans after British engineers had completed their estimates. Some of these foreign experts came from India and other parts of the Far East as well as from Europe, and the United States. [redacted] the present attitudes of the Gold Coast Government in connection with the Volta River Project were such as to give confidence for the future stability of any industrial complex establishment, as well as for the safeguarding of British-Canadian investments from arbitrary seizure and confiscation. [redacted] Prime Minister Nkrumah was profoundly conscious of the responsibility which he and his Government had, and would continue to have, towards the West as far as the Volta River Project was concerned; Nkrumah was very sensitive about the matter of capital investment in his country by the West, and he had made it clear [redacted] that he thought that the action of Colonel Nasser in nationalizing the Suez Canal could undermine the confidence of private enterprise in investment in the underdeveloped areas and thereby have an injurious effect on the Volta River scheme.

[redacted] in Nkrumah's mind the importance of the Volta River Project to the Gold Coast's political and economical future was revealed by the way Nkrumah had been thinking and planning these past two to three years with respect to his three primary goals. The first of these was the independence of his country, and this hurdle has now been cleared. The second was to see that British Togoland became an integrated part of the Gold Coast, for unless this happened, realization of the Volta River Project could become a serious problem. (Were British Togoland either to become part of a united Togoland, or if its southernmost part were to remain under UN trusteeship, the Gold Coast would, in either case, be faced with the thorny problem of dealing with a separate neighboring political entity in trying to reach some sort of agreement on the harnessing of the waters of the Volta.) [redacted] events had worked in favor of Nkrumah's policy, for the United Nations General Assembly had [redacted] given its final approval to the integration of the British Togoland with the Gold Coast on the date (March 1957) when the latter becomes independent.

The third of the Prime Minister's goals is the actual realization of the project itself. "My Volta," is the term which Dr. Nkrumah has been using whenever he referred to the project, [redacted] suggesting the tenacious purposefulness which the Prime Minister attaches to the plan. Moreover [redacted]

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of the responsible African leaders in the Gold Coast Government were fully alive to the grandeur and great importance of this project to the future life of the Gold Coast, and most of them have a fair understand[illegible] of what its implementation could mean socially and economically to an independent Ghana. [redacted] Nkrumah, Gbedemah (Minister of Finance), and Botsio (Minister of State) formed a closely knit working team of keenly intelligent and devoted minds. Gbedemah, with his German blood, had a methodic approach to and understanding of budgetary problems and a good knowledge of finance. Botsio, with his agile, canny, and resourceful mind, formed a most valuable adjunct to the Prime Minister's own energetic personality. [redacted] Botsio was serving the Prime Minister as a very faithful lieutenant.

[redacted] predict when the Volta River Project might become a reality; he did not seem to be too concerned over the likelihood that it might be some time before any agreement could be reached and the financial means found to put the scheme into operation. He confessed that despite the apparent understanding by present Gold Coast leadership of the financial problems to be met, one could not deny that the present Government had been rather "flabby" in its manner of dealing with present and future governmental budgetary operations. This "flabby" fiscal policy [redacted] was illustrated until very recently by the rather insouciant manner in which the Government had been coasting along in its development planning, still hoping for and counting on a good world price for cocoa. He excused this mentality by saying that the Gold Coast had for so long been getting an extraordinary price for its cocoa that even the most obvious warnings had not yet pierced the mentality of Government leaders regarding future cocoa revenues. Everyone knew that the price had been gradually going down, and Gbedemah himself had reflected this warning in his recent annual message. However, [redacted] that the Gold Coast Government was coming down to earth and was beginning to realize that the fantastically prosperous war years and post-war years had come to an end. He was sure that when independence day had arrived the Government would face up to the stark fact of reduced revenue from cocoa, and withal, the problem of deciding where Government money was to come from for its contribution to the Volta River Project. The problem would be to determine how the Gold Coast could make the large contribution it would be expected to make as its part of the cost of the project (labor, construction of railroads, roads, etc.), in return for the commitments made by Canadian and British aluminum. Despite the somewhat gloomy financial prognostication[illegible] [redacted] could be realized at some date. He assumed that the IBRD mission [redacted] would have some very critical things to say about the Gold Coast economy in the report that it would submit to Mr. Black, following its return to the United States. It was his belief that these frank observations would not be made to the Gold Coast Government until after it had become independent and would be conveyed confidentially rather than in any public report.

[redacted] in his mind the Gold Coast Government would continue to look primarily to the Atlantic Community, that Nkrumah wanted no help from the East (Russia) in realizing the Volta River Project, and finally, that if the project did come into being it would represent a sound political and economic investment in Africa for both Africans and Europeans as a joint partnership.

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